White Paper on disinvestment

2221. SHRI MANOJ BHATTACHARYA: Will the Minister of FINANCE be pleased to state:

(a) whether Government have decided to prepare and issue a comprehensive white paper on disinvestment;

(b) if so, the details thereof;

(c) by when the white paper is likely to be issued;

(d) the basic differences between the disinvestment policy of the present Government and the one pursued by the previous Government; and

(e) whether steps are being taken in this context to ensure that the profit making public sector undertakings are left out of the disinvestment plan and are given full managerial and commercial autonomy for effective functioning?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) Yes, Sir.

(b) and (c) The White Paper is under preparation and will be tabled in Parliament during the forthcoming Monsoon Session.

(d) The focus of the disinvestment policy has changed from the earlier one, emphasizing Strategic Sale, to a broad based strategy encompassing the disinvestment of minority shareholding in profitable PSEs, while retaining at least 51% shareholding and full management control with the Government, restructuring and modernisation of loss making but revivable Public Sector Undertakings, including through the induction of a Private Investor and closure or sale of chronically sick PSEs, after ensuring that the dues of the employees alongwith compensation are paid. The Disinvestment Commission has been wound up in October, 2004. The Board for Reconstruction of Public Sector Enterprises has been constituted by the Government, which is located in the Department of Public Enterprises (DPE), to take up the cases of strengthening, modernizing, reviving and restructuring of Public Sector Enterprises. Greater transparency will be ensured in the utilisation of the proceeds from disinvestment, which will be channelised into a National Investment Fund, which will have a permanent corpus while the income from the fund will be used for investment in specified

social sector projects and for providing capital resources to profitable and revivable Public Sector Enterprises that yield adequate returns, in order to enlarge their capital base to finance expansion/diversification.

(e) The policy, with respect to the Public Sector, as outlined in the National Common Minimum Programme, is that the existing 'Navratna' companies will be retained in the Public Sector. Government is committed to devolve full managerial and commercial autonomy to successful, profit making PSEs, operating in a competitive environment, which will generally not be privatised, though these PSEs may approach the capital markets for raising resources and Government may sell minority shareholding in these companies, retaining at least 51% shareholding, so as not to alter their public sector character.

Tie-up of GIC subsidiaries with private companies

2222. SHRIMATI BIMBA RAIKAR: Will the Minister of FINANCE be pleased to state:

(a) whether many GIC subsidiaries like National Insurance Company and New India Assurance have tied up with private players in life insurance field like Birla Sunlife and APM Sanmar, respectively to sell composite products;

(b) whether such tie-ups between life and general insurance companies are in violation of IRDA regulations; and

(c) whether the IRDA has permitted banking personnel to sell insurance and hybrid products like deposits with built-in life cover?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM): (a) and (b) National Insurance Co. Ltd. (NIC) had signed an MoU with Birla Sunlife for selling bundled products to be issued by the two companies separately subject to clearance from IRDAand New India Assurance Co. Ltd. (NIA) had tied up with APM Sanmar for providing the mandatory training to each other's agents on a voluntary basis to enable them obtain composite agency license. IRDA has informed that cross selling agreements are violative of section 2(7A) of Insurance Act, 1938, which allows an insurance company in India to carry out either life insuarance or general insurance or reinsurance business and the Act